



smart eye

Interim report

January - December 2020

Technology that understands, simplifies
and predicts human intentions and actions.

Strong increase in sales within Automotive

October – December 2020

- Net sales totaled SEK 18,325 (13,505) thousand, which corresponds to an increase of 36%.
- Operating profit/loss totaled SEK -19,427 (-35,204) thousand. The improvement is due to the increase in revenue as well as a significant decrease in costs compared to last year's fourth quarter.
- Profit/Loss after financial items was SEK -19,448 (-35,497) thousand.
- Profit/loss after tax per share is negative.
- Cash and cash equivalents totaled SEK 218,701 thousand at the end of December.
- In October, the company completed a directed share issue of SEK 189 million, before issue cost.
- The company communicated two new design wins with an existing Korean customer in October. The life-time order value of the order is estimated to SEK 100 million.
- Since the end of the time period, the company announced one new design win with a Chinese OEM. The estimated revenue of the order is SEK 50 million.

January – December 2020

- Net sales totaled SEK 65,097 (49,817) thousand, which corresponds to an increase of 31%.
- Operating profit/loss totaled SEK -77,156 (-105,723) thousand.
- Profit/loss after financial items was SEK -77,405 (-106,269) thousand.
- Profit/loss after tax per share is negative.

Estimated value of obtained design wins

As of the report for the second quarter of 2018, the company provides information on the estimated life-time value of obtained design wins at the time of the publication of the report. The figures in brackets show the levels at the time of the publication of the preceding report, which in this case was October 20th, 2020.

The total estimated value of the company's 84 (83) design wins announced to date currently amounts to at least 2,150 MSEK (2,100) over a product life cycle.

If the company's system had been used in all car models on existing platforms by the 13 (12) car manufacturers with whom design wins have been communicated, the estimated value would amount to at least 6,100 MSEK (5,800) over a product life cycle.

Financial summary

TSEK		Oct-Dec		Full Year	
		2020	2019	2020	2019
Net revenue	TSEK	18 325	13 505	65 097	49 817
Operating costs	TSEK	-42 956	-57 023	-177 544	-186 405
Operating profit/loss	TSEK	-19 427	-35 204	-77 156	-105 723
Operating margin, %	%	neg.	neg.	neg.	neg.
Profit/loss after tax	TSEK	-19 600	-35 590	-77 557	-106 362
Profit per share, SEK	SEK	-1,18	-2,35	-4,66	-7,03
Return on total capital	%	9,5	12,0	-20,1	35,8
Equity per share, SEK	SEK	21,20	16,64	21,20	16,64
Equity per share after full dilution, SEK	SEK	20,70	16,36	20,70	16,36
Equity ratio	%	91,24	84,66	91,24	84,66
Number of shares		16 630 882	15 118 984	16 630 882	15 118 984
Number of shares after full dilution		17 031 082	15 379 184	17 031 082	15 379 184
Average number of shares before full dilution		16 630 882	15 118 984	16 630 882	15 118 984
Average number of shares after full dilution		17 031 082	15 379 184	17 031 082	15 379 184

Comments from the CEO

The fourth quarter was for Smart Eye one where the pieces of the puzzle are starting coming into place. After three quarters with the pandemic in focus we could step by step return to our main task: building the world's best technology for saving lives and improve the user experience inside cars. We saw during the quarter increasing volumes on series production of cars with Smart Eyes software, entirely according to plan. Another one of our OEMs have started production so that two of our thirteen customer are up and running. Soon more of them will start series production. Furthermore we managed to win a new OEM in January 2021, this time one of China's biggest car manufacturers, which have further cemented our already strong foothold in China.

In the beginning of the quarter we secured a financing round. We have lowered our costs compared to a year ago. We have ample cash reserves. We have created the manouevring space that we need. It's important for our customers, the largest car OEMs in the world, that we are successful. They need to know that their suppliers are stable over time. This is resulting in strategic advantatges for us. Which in makes us attractive for partner discussions. Never before have we had so many great discussions around cooperation inside the DMS ecosystem regarding sensors, optics, AI-platforms, processors, software and more. There are a lot of exciting innovations knocking on the door to get to the market. Count on that tomorrow's cars are even smarter than today. Thanks to Smart Eyes suceses in DMS we have an advantage in terms of developing the next generation of technology, which we now use.

Automotive Solutions

The work is ongoing recruiting necessary staff for all the projects we have won and will deliver in a few years time. At the same time we see large procurements towering on all major markets. Our focus is to do as well as we can on all these possibilities.

Aftermarket - AIS

At last, we have come to the point that we see the end of the hardware development phase, that were delayed due to Corona. The plan is



to launch the new product during the first quarter this year. Stay tuned!

Research Instruments

It is a sign of strength that we have managed to hold the fort during a raging pandemic. In spite of the fact that many laboratories have postponed their investments Research Instruments manages to deliver the same sales level as the year before but with lower costs. We have seen that many labs have started to buy equipment again by the end of last year, a trend that seems to continue into this year. There are all reasons to be optimistic for the business unit this year

Final remark

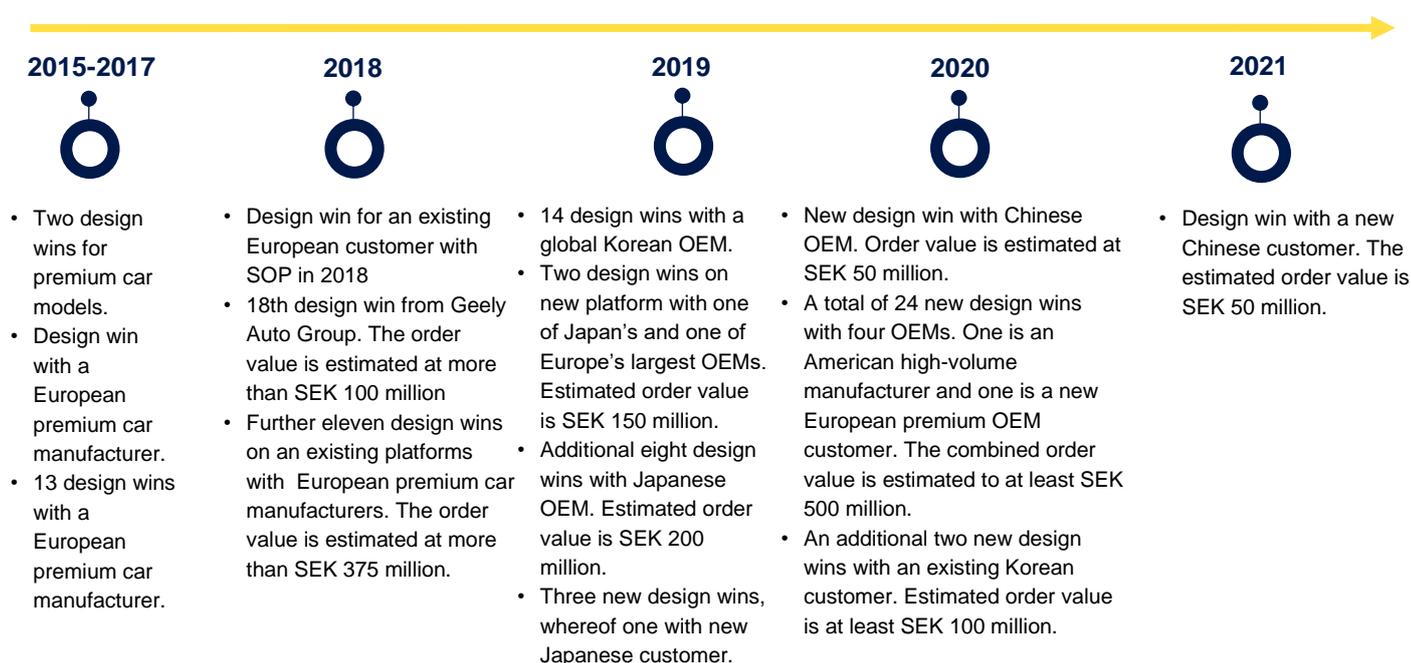
We are looking forward to a very exciting 2021. There are many large procurements in play and we are working full speed to win as many as possible. We have many exciting partner discussions where we explore the possibilities of synergies and fruitful cooperations. But above all we have many lives to save with our world leading technology.

Martin Krantz

CEO Smart Eye

Estimated value of obtained design wins

The table below shows the estimated value of the design wins announced by the company and the estimated potential value if the company were to win additional design wins on already obtained platforms. The calculations have been made by the company based on OEM's estimated production volumes of car models and may change due to changed conditions for life cycle estimates of the car platforms.



Design Win/ (MSEK)	2015-2019	2020	2021	Total
Estimated revenue over the product life cycle from current design wins	1,450	650	50	2,150
Estimated revenue over the product life cycle from possible additional design wins with existing OEM customers on existing platforms	1,300	2,500	300	4,100
Estimated revenue over the product life cycle including current and possible additional design wins with existing OEM customers on existing platforms	2,750	3,150	350	6,250

The group in summary

Revenue and earnings

Fourth quarter 2020

Net sales for the period October to December 2020 totalled SEK 18,325 (13,505) thousand – an increase of 36%. This is due to a significant increase in sales within the Automotive Solutions business area.

Net sales for Automotive Solutions in the fourth quarter amounted to SEK 11,909 thousand, compared to SEK 6,119 thousand in the fourth quarter of 2019. The 95% growth is due a continued increase in license revenue for produced cars with Smart Eye's technology, as well as a higher number of ongoing projects – resulting in an increase in project revenue.

Net sales for the Research Instruments business area amounted to SEK 6,416 (7,386) thousand in the fourth quarter. The consequences of the Covid-19 pandemic have continued to impact the business area during this quarter, but to a lesser extent than before.

Other operating revenue/costs amounted to SEK -1,493 (-1,194) thousand. Capitalized work for own account amounted to SEK 3,711 (9,508) thousand during the period.

The Group's total revenue for the period was SEK 23,529 (21,819) thousand.

The operating result for the period was SEK -19,427 (-35,204) thousand. The result is significantly better than that of the corresponding period in 2019, due to increased sales within Automotive Solutions and substantially lower costs for the company as a whole.

January - December 2020

Net sales for the period January to December 2020 totalled SEK 65,097 (49,817) thousand – an increase of 31%.

Other operating revenue/cost amounted to SEK 9,232 (1,865) thousand. Short-time furlough compensations amount to SEK 7,145 thousand during the year, and revenue for an increasing number of research projects amounted to a total of SEK 3,572 thousand. Currency losses were SEK -2,251 thousand. Capitalized work for own account amounted to

SEK 26,059 (29,000) thousand during the period.

The Group's total revenue for the period was SEK 100,388 (80,682) thousand.

The operating result for January to December amounted to SEK 77,156 (-105,723) thousand. The improved results can mainly be attributed to the increase in sales within Automotive Solutions. The Covid-19 pandemic has also resulted in decreased expenses for travelling and fairs.

Net sales for the Automotive Solutions business area totalled SEK 41,321 thousand January-December, compared to SEK 26,240 thousand for the corresponding period in 2019. The 58% increase is due to a gradual increase in license revenue for cars produced with Smart Eye's technology.

Net sales for the Research Instruments business area amounted to SEK 23,776 thousand during January-December, compared to SEK 23,557 thousand for the corresponding period in 2019. Despite the significant consequences the Covid-19 pandemic had for Research Instrument's customers, the business area was evidently able to reach a level of sales equal to that of 2019.

Financial position

In addition to cash and cash equivalents of SEK 218,7 million, the Group has an unutilized bank overdraft facility of SEK 5 million.

Important events during the period

In October, the company completed a directed share issue of 1,511,898 shares, which generated around SEK 189 million before transaction costs. In addition to the strong support from existing shareholders, several new Swedish and international institutional investors participated in the share issue.

Thanks to the capital increase, the company was able to end short-term furlough for practically all employees as of October 13th. Instead, the company focused on fulfilling its many delivery commitments towards the global automotive industry.

On October 14th, the company communicated two new design wins with an existing Korean customer. The estimated life-time value of the

order is SEK 100 million. The potential value of additional car models on the new platforms exceeds SEK 500 million.

Events after the end of the period

After the end of the period, the company announced that a design win had been obtained for another Chinese OEM. The estimated order value is approximately SEK 50 million.

Significant risks and uncertainties in summary

Operational risks

The business operations are subject to risk factors that could impact the company's commercial and financial position. The risks relate in part to development operations proceeding as planned and in part to the company's success in recruiting qualified personnel to the necessary extent.

Financial risks

The company is financed through share capital and loans. Should the company not generate revenue to the extent and over the time perspective assessed by the Board, this could result in additional capital requirements.

As sales increase, the company will be exposed to increased currency exposure, since most of the company's sales will be denominated in a currency other than Swedish kronor.

Market risks

Eye tracking is an emerging technology, whereby the company's products are currently used in behavioral research and as integrated products in the automotive industry. A delay or the non-materialization of a launch of eye tracking in the automotive industry could entail a risk of a lower-than-expected growth rate.

Accounting policies

The interim report has been prepared in accordance with the Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board, BFNAR 2012:1, Annual Reports and Consolidated Financial Statements (K3). The same accounting policies have been applied as in the 2019 Annual Report.

This interim report has not been reviewed by the company's auditor

Otherwise, regarding risks and uncertainties, refer to the 2019 Annual Report, page 33.

Transactions with related parties

There were no transactions with related parties during the period.

Share Information

The Company is listed on Nasdaq First North. Certified Advisor is Erik Penser Aktiebolag.

Number of shares

The number of shares now totals 16,630,882.

Share-based incentive scheme

At the Annual General Meeting on May 8th, 2020, the Company resolved to establish an incentive program directed at senior executives and staff. With full utilization of the Company's incentive program, 100,000 shares will be issued. The subscription price for shares supported by warrants is SEK 116 per share. The premium per subscription option, which has been calculated according to the Black & Scholes model, amounted to SEK 14. The subscription of shares may take place during the period from 1 June 2023 to 30 June 2023.

The Annual General Meeting on May 8th, 2020 also decided on an incentive program directed at a number of board members. With full utilization of the incentive program, 40,000 shares will be issued. The subscription price for shares supported by warrants is SEK 133.9 per share. The premium per subscription option, which has been calculated according to the Black & Scholes model, amounted to SEK 14. The subscription of shares may take place during the period from 1 June 2024 to 30 June 2024.

In addition, the company has two ongoing incentive programs that was approved by the Annual General Meeting on April 25th, 2018 and on May 15th, 2019, respectively.

Dividend policy

The Company is in a development phase and any surpluses are scheduled for reinvestment in the Company's development. The Board is not intending to submit a dividend proposal.

Signing of the report

The Board of Directors and the CEO assure that the year-end report provides a fair overview of the Parent Company's and the Group's operations, position and results and describes the significant risks and uncertainties in the Parent Company and the companies included in the Group.

Gothenburg, February 24, 2021

Anders Jöfelt
Chairman of the board

Lars Olofsson
Vice Chairman

Eva Elmstedt
Board member

Magnus Jonsson
Board member

Mats Krantz
Board member

Cecilia Wachtmeister
Board member

Smart Eye Aktiebolag (publ)

Condensed Consolidated Statement of Income

TSEK	Oct-Dec 2020	Oct-Dec 2019	Full Year 2020	Full Year 2019
Operating revenue				
Net sales	18 325	13 505	26 059	49 817
Capitalised work for own account	3 711	9 508	65 097	29 000
Other operating revenue/cost	1 493	-1194	9 232	1 865
Total operating revenue, etc.	23 529	21 819	100 388	80 682
Operating expenses				
Other external costs	-14 092	-26 041	-65 664	-81 999
Personnel costs	-23 430	-24 853	-90 322	-85 689
Depreciation and write-down of tangible and intangible assets	-5 434	-6 129	-21 558	-18 717
Total operating expenses	-42 956	-57 023	-177 544	-186 405
			0	
Operating profit/loss	-19 427	-35 204	-77 156	-105 723
			0	
Financial income and expenses			0	
Result from participations in associated companies	-6	0	-6	0
Other interest income and similar	13	113	13	117
Interest costs and similar items	-28	-406	-256	-663
Total financial income and expenses	-21	-293	-249	-546
			0	
Profit/loss after financial items	-19 448	-35 497	-77 405	-106 269
			0	
Tax on the result for the period	-152	-93	-152	-93
			0	
Result for the period	-19 600	-35 590	-77 557	-106 362

Condensed Consolidated Balance Sheet

TSEK	2020-12-31	2019-12-31
Intangible assets	129 597	110 021
Tangible assets	4 201	5 680
Financial assets	0	25
Total fixed assets	133 798	115 726
Inventories	5 203	4 373
Trade receivables	17 538	11 734
Current tax receivables	2 868	1 229
Other current receivables	1 572	5 385
Prepaid expenses and accrued income	6 787	13 308
Current receivables	28 765	31 656
Cash and cash equivalents	218 701	145 384
Total current assets	252 669	181 413
TOTAL ASSETS	386 468	297 139

Condensed Consolidated Balance Sheet

TSEK	2020-12-31	2019-12-31
Equity		
Share Capital	1 663	1 512
Other contributed Equity	677 943	500 918
Other Equity	-326 977	-250 882
Total equity	352 627	251 547
Other debt to credit institutions	0	1 667
Non-current liabilities	0	1 667
Other debt to credit institutions	1 667	2 000
Trade payables	8 807	18 163
Other current debt	3 293	4 427
Accrued expenses and prepaid income	20 074	19 337
Current liabilities	33 841	43 925
TOTAL EQUITY AND LIABILITIES	386 468	297 139

Condensed Consolidated change in equity

TSEK	Share capital	Other contributed Equity	Other Equity	Total equity
Opening balance 2019-01-01	1 315	313 531	-145 533	169 313
New issue after issue costs*	197	187 387		187 584
Optionprogram 2019			811	811
Translation difference			202	202
Profit/loss for the year			-106 362	-106 362
Equity 2019-12-31	1 512	500 918	-250 882	251 547
Opening balance 2020-01-01	1 512	500 918	-250 882	251 547
New issue after issue costs*	151	177 025		177 176
Optionprogram 2020			1 960	1 960
Translation difference			-498	-498
Profit/loss for the year			-77 557	-77 557
Equity 2020-12-31	1 663	677 943	-326 977	352 627

The share capital consists of 16 630 882 shares with a quota value of SEK 0.1.

*During the period a new issue was registered and the share capital increased by SEK 151 189,80

Condensed Consolidated Cash Flow Analysis

	2020-12-31	2019-12-31
Operating activities		
Operating profit after depreciation	-77 557	-105 723
Reversal of depreciation	21 558	18 717
Financial payments received	13	117
Financial disbursements	0	-663
Tax	2 231	0
Change in working capital		
Change in stocks	-1 103	-65
Change in trade receivables	-5 804	7 608
Change in other current receivables	6 464	-13 940
Change in trade payables	-9 356	8 522
Changes in other current liabilities	-728	4 283
<i>Cash flow from working capital</i>	-64 282	-81 144
Investment activities		
Intangible assets	-38 767	-47 043
Tangible assets	-887	-2 877
<i>Cash flow from investment activities</i>	-39 654	-49 920
Financing activities		
New issue	177 176	187 584
Optionprogram	1 960	811
Non-current liabilities	-1 667	-2 000
<i>Cash flow from financing activities</i>	177 469	186 394
<i>Translation difference</i>	-216	108
Cash flow	73 317	55 438
Opening cash and cash equivalents	145 384	89 946
Closing cash and cash equivalents	218 701	145 384

Condensed Parent Company's Statement of Income

TSEK	Oct - Dec 2020	Oct-Dec 2019	Full Year 2020	Full Year 2019
Operating revenue				
Net sales	18 325	14 961	65 097	49 817
Capitalised work for own account	3 711	5 207	26 059	29 000
Other operating revenue/cost	976	871	8 715	1 865
Total operating revenue	23 012	21 038	99 871	80 682
Other external costs	-26 216	-14 523	-78 149	-82 622
Personnel costs	-11 537	-17 989	-78 519	-85 614
Depreciation and write-down of tangible and intangible assets	-5 434	-4 194	-21 558	-18 717
Total operating expenses	-43 187	-36 706	-178 226	-186 953
			0	0
Operating profit/loss	-20 175	-15 668	-78 355	-106 271
Financial income and expenses				
Result from units in associated companies	-6	0	-6	0
Other interest income and similar items	13	19	13	117
Interest costs and similar items	-28	-73	-256	-663
Total financial income and expenses	-21	-54	-249	-546
Profit/loss after financial items	-20 196	-15 722	-78 604	-106 817
Tax on the result for the period	0	0	0	0
Result for the period	-20 196	-15 722	-78 604	-106 817

Condensed Parent Company's Balance Sheet

TSEK	2020-12-31	2019-12-31
ASSETS		
Intangible assets	129 597	110 021
Tangible assets	3 980	5 680
Financial assets	1 580	1 327
Total fixed assets	135 157	117 028
Inventories	5 203	4 373
Trade receivables	17 538	11 734
Receivables from Group companies	29	0
Current tax receivables	2 868	1 301
Other current receivables	1 572	5 384
Prepaid expenses and accrued income	5 745	12 496
Current receivables	27 752	30 915
Cash and cash equivalents	218 141	145 118
Total current assets	251 096	180 406
TOTAL ASSETS	386 253	297 434

Condensed Parent Company's Balance Sheet

TSEK	2020-12-31	2019-12-31
Equity		
Restricted equity		
Share capital	1 663	1 512
Fund for development costs	115 370	92 156
Share premium fund	21 914	21 914
	138 947	115 582
Unrestricted equity		
Share premium fund	656 028	479 003
Retained profit	-365 273	-237 202
Profit/loss for the year	-78 604	-106 817
	212 151	134 984
Total equity	351 098	250 566
Other debt to credit institutions	0	1 667
Non-current liabilities	0	1 667
Other debt to credit institutions	1 667	2 000
Trade payables	8 773	17 874
Debt to Group companies	2 063	1 793
Other current debt	2 858	4 207
Accrued expenses and prepaid income	19 794	19 328
Current liabilities	35 155	45 202
TOTAL EQUITY AND LIABILITIES	386 253	297 435

Condensed Parent Company's Change in Equity

TSEK	Share capital	Share premium fund (restricted)	Fund for development costs (restricted)	Share premium fund (unrestricted)	Other unrestricted equity	Total equity
Opening balance 2019-01-01	1 315	21 914	57 006	291 617	-202 863	168 989
New issue*	197			187 387		187 584
Option program 2019						811
Fund for development costs			46 802		-46 802	
Reversal of fund for development costs			-11 652		11 652	
Profit/loss for the year					-106 817	-106 817
Equity 2019-12-31	1 512	21 914	92 156	479 003	-344 019	250 566
Opening balance 2020-01-01	1 512	21 914	92 156	479 003	-344 019	250 566
Option program 2020						1 960
Fund for development costs			38 740		-38 740	
Profit/loss for the year					-78 604	-78 604
Equity 2020-12-31	1 663	21 914	115 370	656 028	-443 877	351 098

The share capital consists of 16 630 882 shares with a quota value of SEK 0.1.

*During the period ongoing new issue was registered and the share capital increased by SEK 151 189,80

For information, a reclassification has been made in 2019/2020 of restricted and unrestricted equity, respectively. Capitalized costs for consultants in the development projects have been included in the fund for development expenses, SEK 18.8 million, which was previously presented under other unrestricted equity. This has no effect on solvency or liquidity.

Condensed Parent Company's Cash Flow Analysis

TSEK	2020-12-31	2019-12-31
Operating activities		
Operating profit after depreciation	-78 354	-106 270
Reversal of depreciation	21 558	18 717
Financial payments received	13	117
Financial disbursements	-262	-663
Tax	2 231	0
Change in working capital		
Change in stocks	-1 103	-65
Change in trade receivables	-5 804	7 608
Change in other current receivables*	7 008	-13 116
Change in trade payables	-9 100	8 413
Change in other current liabilities	-945	5 774
<i>Cash flow from working capital</i>	-64 758	-79 485
Investment activities		
Intangible assets	-38 767	-47 043
Tangible assets	-666	-2877
Financial assets	-252	-679
<i>Cash flow, investment activities</i>	-39 685	-50 599
Financing activities		
New issue	177 176	187 584
Ongoing new issue	1 960	811
Non-current liabilities	-1 667	-2 000
<i>Cash flow from financing activities</i>	177 469	186 395
Cash flow	73 023	56 310
Opening cash and cash equivalents	145 118	88 809
Closing cash and cash equivalents	218 141	145 118

Definition of key ratios

Equity ratio

Equity and untaxed reserves (less deferred tax) as a percent ratio of total assets.

Operating profit/loss

Profit/loss before financial items, costs and tax.

Operating margin

Operating profit as a ratio of net operating revenue.

Return on total capital

Profit after tax as a ratio of average total capital during the period.

Earnings per share

Profit for the period divided by the number of outstanding shares at the end of the period.

Equity per share

Equity divided by the number of shares at the end of the period.

This information is information that Smart Eye AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 8:30 am CET on Feb 24, 2021.

Calendar

The 2020 Annual Report will be available on the Smart Eyes Website from March 24th, 2021

Annual General Meeting	April 14 th 2021
Interim report Jan-Mar 2021	May 5 th 2021
Interim report Apr-Jun 2021	August 26 th 2021
Interim report Jul-Sep 2021	October 22 nd 2021

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